

CIECO Energy Service (UK) Limited

**Annual Report and Financial Statements for the
year ended 31 March 2023**

Company Registration Number: 11183027



CIECO Energy Service (UK) Limited

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CIECO Energy Service (UK) Limited

Officers and professional advisers

Directors

Mr. A. Onishi
Mr. K. Hirayama
Mr. A. Gupta

Registered Office

CIECO Energy Service (UK) Limited
The Broadgate Tower
20 Primrose Street
London
EC2A 2EW

Banker

SMBC Bank International Plc
100 Liverpool Street
London
EC2M 2AT

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ
United Kingdom

CIECO Energy Service (UK) Limited

Directors' Report

The directors submit their report and audited financial statement for the year ended 31 March 2023. The financial statements have been prepared in accordance with the provisions applicable under the small companies' regime; accordingly, no strategic report has been presented.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors and remain in force at the date of this report.

Principal activities

The principal activity of the Company is to provide commercial and financial services support functions for upstream and downstream businesses performed by other companies within the ITOCHU group worldwide.

Business review

During the period, the Company provided support to upstream and downstream businesses within the ITOCHU group worldwide.

No significant events since the balance sheet date have occurred.

Results and dividends

The profit for the year ended 31 March 2023 was £211,000 (2022: £168,000). The directors do not recommend the payment of a dividend. The Company's profit after tax mainly resulted from the margins earned on the services provide to the parent and the group companies (see note 4 for details).

Outlook for 2024

The Company will continue to provide commercial and financial services to the other group companies. The plan is to utilise and optimise the resources in the Company for oil and gas activities in the group. The Company provides support services and the costs incurred are recovered from ITOCHU worldwide group companies on a time writing basis.

Going Concern

The Company is funded through equity from its parent company. The directors have considered forecasts and projections, including the positive cash balance of the Company, as well as a strong positive net current asset position, both of which indicate that the Company will be able to continue to operate and meet its obligations as they fall due throughout the going concern period, of at least 12 months from the date of signing of the financial statements. The directors have also considered reasonably possible changes in trading performance and the Company's underlying cost base, neither of which are expected to be significantly impacted by any further uncertainties caused by the current conflict between Russia and Ukraine. As such, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

CIECO Energy Service (UK) Limited

Directors' Report (continued)

Directors

The directors who served during the year and to the date of this report were as follows:

Mr. K. Inomata (resigned 31 March 2023)

Mr. A. Onishi (appointed 1 April 2023)

Mr. K. Hirayama

Mr. A. Gupta

None of the directors have held, or currently hold, any interest in the shares of the Company or of any other United Kingdom group companies.

Principal Risks and Uncertainties

The principal risks and uncertainties to the Company are:

Liquidity risk

The risk that suitable sources of funding for the Company's business activities may not be available. The Company has sufficient resources to continue to meet its obligations as they fall due.

Foreign exchange rate risk

The Company is exposed to foreign exchange fluctuations relating to non-GBP (mainly USD) expenditure. The Company manages foreign currency risk by converting GBP at spot rate periodically for payment in USD.

Credit risk

Cash balances are invested in short-term bank deposits of maturity dates less than 3 months with a view to minimise counterparty credit risk.

Russia and Ukraine conflict

On 27 February 2022, a conflict broke out between Russia and Ukraine. The Board of Directors has evaluated the potential risks to the Company associated with the uncertainty and impact of the current conflict and the results of the global response. Following this, numerous governments around the world have implemented sanctions against Russia and Belarus. The Directors have considered the implications of the ongoing conflict on key assumptions and judgments. This consideration has been made on the recognition and measurement of accounting estimates and the related financial statements disclosure. The assessment included specific review of the supply chain; funding sources;

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Directors' Report (continued)

Russia and Ukraine conflict (continued)

customers; credit risk; cyber security and shareholders. Whilst the conflict is ongoing, the Company maintains operational effectiveness and the Directors have considered the risks posed in the preparation of its financial forecasts. At this time, the Directors do not consider that the Company's business will be significantly impacted. The Directors believe that the Company has sufficient financial resources to support its operations in the foreseeable future.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- i) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- ii) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as an auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

In preparing this report, the directors have taken the advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



Mr K. Hirayama
Director
30 May 2023

CIECO Energy Service (UK) Limited

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CIECO Energy Service (UK) Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIECO Energy Service (UK) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CIECO Energy Service (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit and loss;
- the balance sheet;
- the statement of cash flows;
- the statement of accounting policies; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

CIECO Energy Service (UK) Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIECO Energy Service (UK) LIMITED (continued)

Conclusions relating to going concern (continued)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIECO Energy Service (UK) LIMITED (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and Director's about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and Director's concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

CIECO Energy Service (UK) Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIECO Energy Service (UK) LIMITED (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception


Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



William Brooks FCA (Statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 May 2023

CIECO Energy Service (UK) Limited

Statement of profit and loss for the year ended 31 March 2023

	Notes	2023 £000	2022 £000
Turnover	3	2,267	2,292
Cost of sales		(2,061)	(2,084)
Gross Profit		<u>206</u>	<u>208</u>
Interest receivable and similar income		90	13
Interest payable and similar charges		(8)	(5)
Profit before taxation		<u>288</u>	<u>216</u>
Tax on profit	7	(77)	(48)
Profit for the year		<u><u>211</u></u>	<u><u>168</u></u>

All income and expenditure relate to continuing activities.

There have been no recognised gains or losses for the current year other than the profit of £211,000 (2022: £168,000) shown above. Consequently, no separate statement of comprehensive income has been presented with the financial statements.

The notes on pages 14 to 25 form an integral part of these financial statements.

CIECO Energy Service (UK) Limited

Balance sheet as at 31 March 2023

	Notes	2023 £000	2022 £000
Fixed Assets			
Tangible assets	8	108	132
Total		<u>108</u>	<u>132</u>
Current assets			
Debtors	9	713	624
Cash at bank		3,872	3,690
		<u>4,585</u>	<u>4,314</u>
Creditors: amounts falling due within one year	10	(145)	(119)
Net current assets		<u>4,440</u>	<u>4,195</u>
Total assets less current liabilities		4,548	4,327
Provisions for liabilities	13	(108)	(98)
Net assets		<u>4,440</u>	<u>4,229</u>
Capital and reserves			
Called-up share capital	11	4,300	4,300
Retained profit/ (losses)		140	(71)
		<u>4,440</u>	<u>4,229</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements of CIECO Energy Service (UK) Limited (registered number 11183027) were approved by the board of directors and authorised for issue on 30 May 2023. They were signed on its behalf by:



Mr. K. Hirayama
Director

CIECO Energy Service (UK) Limited

Statement of cash flows for the year ended 31 March 2023

	Notes	2023 £000	2022 £000
Net cash inflow from operating activities	12	185	164
Cash flow from investing activities			
Payment to acquire tangible fixed assets	8	(16)	(7)
Proceeds from sale of tangible fixed assets		1	-
Interest received		88	9
Net cash inflow from investing activities		<u>73</u>	<u>2</u>
Cash flows from financing activities			
Bank charges		<u>(1)</u>	<u>(1)</u>
Net cash outflow from financing activities		<u>(1)</u>	<u>(1)</u>
Taxation paid		(77)	(50)
Net increase in cash and cash equivalents		180	115
Cash and cash equivalents at the beginning of the year		3,690	3570
Effect of foreign exchange rate changes		2	5
Cash and cash equivalents at the end of the year		<u>3,872</u>	<u>3,690</u>
Reconciliation to cash to bank			
Cash at bank at end of the year		50	9
Short term deposits at the end of the year		<u>3,822</u>	<u>3,681</u>
Cash and cash equivalents at the end of the year		<u>3,872</u>	<u>3,690</u>

The notes on pages 14 to 25 form an integral part of these financial statements.

CIECO Energy Service (UK) Limited

Notes to the financial statements for the year ended 31 March 2023

Note 1. Statement of accounting policies

CIECO Energy Service (UK) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 2.

i) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. Monetary amounts in these financial statements are rounded to the nearest £'000.

ii) Tangible Fixed Assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at a rate of 25% on reducing balance basis.

iii) Provisions

The Company's office lease requires the Company to restore the office space at the end of the lease term to a condition acceptable to the owner. The expected costs of dilapidation, discounted to its net present value, is recorded as a provision with a corresponding addition within tangible fixed assets. The capitalised costs are depreciated as per accounting policy of depreciating tangible fixed assets. Any adjustment arising from the reassessment of the estimate cost of dilapidation is capitalised within tangible fixed assets with a corresponding amount being recognised as provision whilst the adjustment arising from the unwinding of the discount is taken to the profit and loss account in finance costs.

CIECO Energy Service (UK) Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

Note 1. Statement of accounting policies (continued)

iv) Impairment

Assets are assessed for indicators of impairment at each balance sheet date. An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units (CGU) of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated to the goodwill attached to that CGU, and the other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

v) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

CIECO Energy Service (UK) Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

Note 1. Statement of accounting policies (continued)

v) Taxation (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

vi) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the relevant rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated into sterling at the rates of exchange ruling at the balance sheet date.

Foreign exchange gains and losses are recognised in the statement of income for the period in which they arise.

vii) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis.

viii) Going concern

The Company is funded through equity from its parent company. The directors have considered forecasts and projections, including the positive cash balance of the Company, as well as a strong positive net current asset position, which indicate that the Company will be able to continue to operate and meet its obligations as they fall due throughout the going concern period of at least 12 months from the date of signing of the financial statements. The directors have also considered reasonably possible changes in trading performance and the Company's underlying cost base, neither of which are expected to be significantly impacted by the current conflict between Russia and Ukraine. The Company was in a positive net current asset position as at 31 March 2023 (2023: £4,440,000; 2022: £4,195,000) and held positive cash balances with banks (2023: £3,872,000; 2022: £3,690,000).

CIECO Energy Service (UK) Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

Note 1. Statement of accounting policies (continued)

viii) Going concern (continued)

Taking these factors into account, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

ix) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual agreement entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

x) Pension costs

The Company operated a defined contribution scheme during the period. The amount charged to profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

xi) Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

xii) Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

xiii) Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration received or receivable.

CIECO Energy Service (UK) Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

Note 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Note 3. Turnover

An analysis of the Company's revenue is as follows:

	2023	2022
	£000	£000
Service income	2,267	2,292
Total	<u>2,267</u>	<u>2,292</u>

Note 4. Operating Profit

Operating profit is stated after charging:

	2023	2022
	£000	£000
Office rental	153	153
Depreciation of tangible assets (note 8)	36	44
Taxation compliance service	7	7
Fees for the audit of the Company's financial statements	<u>18</u>	<u>18</u>

CIECO Energy Service (UK) Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

Note 5. Related Party Transactions

Included within administrative expenses are charges of £20,764 (2022: £22,344) from ITOCHU Europe PLC for treasury, payroll and management services. £20,761 (2022: £14,868) of which is included within the amounts due to fellow subsidiary companies at the year-end. Intercompany recharges amounting to £509,617 (2022: £524,177) have been charged to the profit and loss account during the year.

Included within turnover is income of £200,102 (2022: £198,833) from ITOCHU Oil Exploration (Iraq) B.V., for support services primarily commercial and administration nature provided by the Company. £40,791 (2022: £45,557) of which is included within the amounts due from fellow subsidiary companies at the year-end.

Included within turnover is income of £1,530,700 (2022: £1,582,014) from ITOCHU Corporation, for support services primarily commercial and administration nature provided by the Company. £347,285 (2022: £338,304) of which is included within the amounts due from parent company at the year-end. Intercompany recharges amounting to £12,914 (2022: £8,323) have been charged to the profit and loss account during the year.

Included within turnover is income of £178,341 (2022: £159,497) from CIECO West Qurna Limited, for support services primarily commercial and administration nature provided by the Company. £55,390 (2022: £34,990) of which is included within the amounts is due from fellow subsidiary companies at the year-end.

Included within turnover is income of £358,243 (2022: £352,308) from ITOCHU Petroleum Co., (Singapore) PTE Limited, for support services primarily commercial and administration nature provided by the Company. £96,024 (2022: £86,113) of which is included within the amount due from fellow subsidiary companies at the year-end.

Included within administrative expenses are charges of Nil (2022: £16,154) from ITOCHU Logistic (Europe) GmbH, for support services primarily of commercial and administration nature.

CIECO Energy Service (UK) Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

Note 6. Directors and employees

During the year, the average monthly number of employees in the Company was 8 (2022: 8).

Amounts paid by the Company in respect of these employees were as follows:

	2023	2022
	£000	£000
Wages and salaries	1,203	1,238
Social security costs	66	73
Pension contributions	54	60
	<u>1,323</u>	<u>1,371</u>

Staff costs include remuneration in respect of directors as follows:

	2023	2022
	£000	£000
Director's emolument (including pension contribution)	<u>572</u>	<u>548</u>

The emolument of the highest paid director was £315,011 (2022: £298,555). 2 directors have been remunerated by the entity in 2023 (2022: 2)

CIECO Energy Service (UK) Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

Note 7. Tax on profit on ordinary activities

i) Analysis of tax charge in the year

	2023 £000	2022 £000
Current tax:		
Corporation tax at 19%	77	48
Total current tax	<u>77</u>	<u>48</u>

ii) Factors affecting the current tax charge for the year

	2023 £000	2022 £000
Profit from ordinary activities before tax	288	216
Corporation tax rate of 19%	<u>55</u>	<u>41</u>
Effects of:		
Expenses not deductible for tax purposes	8	8
Prior period adjustment	14	(1)
Current tax charge for the year	<u><u>77</u></u>	<u><u>48</u></u>

The March 2021 Budget announced a further increase to the main rate of corporation tax from 19% to 25% from April 2023. This rate has been substantively enacted at the balance sheet date. The standard rate of tax applied to reported profit is 19% (2022: 19%).

CIECO Energy Service (UK) Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

Note 8. Tangible assets

	£000
Cost or valuation	
At 1 April 2022	308
Additions	16
Disposals	(12)
Dilapidation provision	4
At 31 March 2023	<u>316</u>
Depreciation	
At 1 April 2022	(176)
Charge for the year	(36)
Disposals	4
At 31 March 2023	<u>(208)</u>
Net book value	
At 31 March 2023	<u>108</u>
At 31 March 2022	<u>132</u>

Note 9. Debtors: amounts falling due within one year

	2023	2022
	£000	£000
Prepayments and accrued income	131	78
Other receivables	42	41
Amounts due from parent company	347	338
Amounts due from fellow subsidiary companies	<u>193</u>	<u>167</u>
Total	<u>713</u>	<u>624</u>

Amounts due from fellow subsidiaries are due on demand and bear no interest.

CIECO Energy Service (UK) Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

Note 10. Creditors: amounts falling due within one year

	2023 £000	2022 £000
Amounts due to fellow subsidiary companies	21	15
Accruals and other creditors	121	102
Trade creditors	3	2
Total	<u>145</u>	<u>119</u>

Amounts due to fellow subsidiaries are due on demand and bear no interest.

Note 11. Called up share capital

No.

a) Authorised:

Ordinary shares of £1 each	<u>4,300,000</u>
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b) Allotted, called up and fully paid:

Ordinary shares at £1 each	<u>4,300,000</u>
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c) Ordinary shares:

	Number of shares	Nominal Value £
31 March 2023	<u>4,300,000</u>	<u>4,300,000</u>

CIECO Energy Service (UK) Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

Note 12. Statement of cash flows

Reconciliation of net cash inflow to operating profit

	2023 £000	2022 £000
Operating profit	206	208
Depreciation, amortisation and impairment	36	44
Loss on disposal of tangible fixed assets	6	-
Increase in debtors	(89)	(109)
Increase in creditors	26	21
Net cash inflow from operation activities	<u>185</u>	<u>164</u>

Note 13. Provision for liabilities

	2023 £000
Opening balance	(98)
Addition	(4)
Unwinding of discounted amount	(6)
Closing balance	<u>(108)</u>

Provision has been made in accordance with accounting policy note 1 (iii), calculated as the present value of dilapidation costs expected to be incurred in 2025.

Note 14. Financial Commitments

Total future lease payments under non-cancellable operating leases are as follows:

Operating lease which expires on 30 November 2025.

	2023 £000	2022 £000
Office rental		
Within one year	153	153
Within one and five years	255	408
After five years		
	<u>408</u>	<u>561</u>

During the year, the Company has expensed operating lease costs of £153,231 (2022: £153,231).

CIECO Energy Service (UK) Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

Note 15. Pension schemes

The Company participates in a defined contribution pension scheme operated by ITOCHU Europe PLC. The contributions for the period were £54,369 (2022: £60,402). There were no contributions outstanding or prepaid at the balance sheet date.

Note 16. Ultimate parent Company and parent undertaking of larger group of which Company is a member.

The Company's immediate, ultimate parent company and controlling party as at 31 March 2023 is ITOCHU Corporation, a company incorporated in Japan, 5-1 Kita-Aoyama 2-chome, Minato-ku, Tokyo 107-8077, Japan, for which consolidated financial statements are prepared. Copies of these financial statements can be obtained from the registered office of CIECO Energy Service (UK) Limited.

The smallest and largest group for which the results of the company are consolidated is of ITOCHU Corporation.